



UNITED STATES DEPARTMENT OF EDUCATION

Student Financial Assistance
Students Channel – Collections
Washington, D.C. 20002

October - FY2002

RE: Collection Costs on Defaulted SFA-Held Loans

Currently, the percentage the Department charges for the cost of collection on defaulted student loans does not exceed **25%**. This collection cost limit will remain in effect until further notice or guidance is issued by the Department, and at least through FY2002.

Here is a breakdown of the current collection costs charged by collection type:

Regular Collections: 25%

Administrative Wage Garnishment: 25%

Loan Consolidation: 13.64%

These rates are based on the current fees paid to our private collection agency partners and are within the limits set by many of the promissory notes held in SFA inventories. Collection costs are only added to SFA-held accounts while placed with an outside private collection agency partner. No collection costs are added to a borrower's account on which no collection agency fee is paid.

SFA, Students Channel – Collections

ROB-3 - Room 5126
400 Maryland Avenue, S.W.
Washington, D.C 20202-5269
(202) 708-4766

Our mission is to ensure equal access to education and to promote educational excellence throughout the nation.